



PSC NEWS

Missouri Public Service Commission

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PSC DETERMINES SPECTRA COMMUNICATIONS GROUP, L.L.C. MEETS STATE STANDARD FOR PRICE CAP REGULATION

Jefferson City (December 17, 2002)---Based upon a review of current state law as well as evidence presented to the Commission in this case, the Missouri Public Service Commission has approved an application filed by Spectra Communications Group, L.L.C. d/b/a CenturyTel (Spectra) seeking to become price cap regulated in Missouri. This decision will affect approximately 107 rural telephone exchanges serving approximately 131,000 access lines in Missouri.

Under a state law passed in 1996, Spectra can be designated as a price cap regulated company if it shows that: 1) an alternative local exchange company is properly certificated to provide local exchange telecommunications services in Spectra's service area; and 2) the alternative local exchange carrier is, in fact, providing such services in any part of Spectra's service area. Spectra stated and the PSC Staff confirmed that Mark Twain Communications Company had been certified and was providing basic local exchange telecommunications service in some of Spectra's exchanges in Missouri.

The PSC Staff recommended to the Commission that the application be approved stating Spectra met the criteria to be price cap regulated under state law.

The Commission stated in its order: "The Commission finds, after consideration of the petition and supporting materials, that Mark Twain (Mark Twain Communications Company) is a facilities-based, alternative local exchange carrier that is duly certificated and actually providing basic local telecommunications service within Spectra's service area. The Commission further finds that Spectra is a large incumbent local exchange company under Section 392.245.2 in that it operates in excess of 100,000 access lines."

The Missouri General Assembly passed legislation in 1996 which grants certain companies the ability to adjust rates with limited Commission oversight, while ensuring that customers pay reasonable charges for their services (called price cap regulation). Under the 1996 law, telephone rate changes must be filed with the Missouri Public Service Commission. The Commission then ensures that those charges comply with the law. If they do, those changes are allowed to take effect without the filing of a rate case before the PSC.

Price cap regulation allows maximum prices for basic local telephone service to change based upon a consumer price index adjustment and rate rebalancing. The consumer price index adjustment allows the maximum rates for basic local service to annually change, up or down, based on relatively conservative government price indexes, which are based on the price of telephone service throughout the country.

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